GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4264
ANSWERED ON:15.12.2000
IRREGULARITIES IN PUBLIC SECTOR BANKS
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Will the Minister of FINANCE be pleased to state:

(a) the number of cases of financial irregularity/ corruption detected in Public Sector Banks during the previous and current financial year;

(b) the number of bank officers involved in these cases; and

(c) the concrete steps being taken by the Government to check such irregularities and corruption in these banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : The number of fraud cases as reported by public sector banks to Reserve Bank of India during the years 1998 and 1999 are 1855 and 1839 respectively. Action has been taken against the 5366 and 4713 number of bank employees for their involvement in such cases for the years 1998 and 1999 respectively.

(c):- Banks are implementing comprehensive guidelines issued by RBI regarding prevention of frauds which inter-alia include strengthening of internal control mechanisms, review of fraud cases on continual basis, undertaking concurrent audit covering branches accounting for 50 per cent of bank`s business, scrutiny of cash deposits and withdrawals of Rs.10 lakhs and above, improving housekeeping and imparting training to operational personnel. Whenever a fraud is detected by a bank, a preliminary investigation is made. Based on the findings, a decision is taken whether to conduct a thorough investigation departmentally or to handover the case to local police or the Central Bureau of Investigation (CBI). On the basis of enquiry reports received after internal enquiry, or from police or CBI, banks take regular departmental action wherever necessary and award punishment to the officials who are found responsible for the fraud. The police and the CBI also file criminal cases for prosecution in Courts.